Message Text

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INFO OCT-01 AF-10 ISO-00 AID-05 CIAE-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NEA-10 /064 W ------231846Z 009718 /44

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DEPARTMENT PASS USDOC

E.O. 11652: N/A TAGS: EQIP, WZ

SUBJECT: TINKABI TRACTOR PROJECT

REF: 76 MBABANE 211

1. INTERNATIONAL HARVESTER EXPORT CO. (A US FIRM) IS CURRENTLY NEGOTIATING SALE OF I.H. EQUIPMENT TO KENYA AND SAUDI ARABIA. IF I.H. EXPORT CO. GETS CONTRACT, THEY PLAN TO SUPPLY EQUIPMENT FROM I.H. SOUTH AFRICAN LICENSE-HOLDER BARLOW-RAND. HOWEVER, FOR OBVIOUS REASONS, I.H. IS UNWILLING TO SHIP PRODUCTS CLEARLY MANUFACTURED IN RSA.

2. FOR ABOVE REASONS I.H. EXPORT CO. IS NEGOTIATING WITH

NATIONAL INDUSTRIAL DEVELOPMENT CORPORATION/SWAZILAND (NIDCS) TO USE TINKABI TRACTOR PLANT IN SWAZILAND FOR MANUFACTURE OF PARTS AND IMPLEMENTS AND FOR FINISHING OF EQUIPMENT. FYI: TINKABI TRACTOR IS STILL FACED WITH ITS LONG-STANDING PROBLEM -- IT IS A SMALL COMPANY WITH A GOOD PRODUCT TRYING TO COMPETE LIMITED OFFICIAL USE

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AGAINST GIANT MULTI-NATIONAL FIRMS. TINKABI IS UNABLE TO ACHIEVE ECONOMIES OF SCALE IN PRODUCTION AND REMAINS TOO HIGH-PRICED FOR ITS INTENDED MARKET OF SMALL, THIRD WORLD FARMERS. THUS FAR, TINKABI HAS REMAINED SOLVENT ONLY WITH GOS ASSISTANCE. IN FINAL ATTEMPT TO INSTILL LIFE INTO THIS CHERISHED PROJECT, SWAZILAND WILL HOST A UNIDO-FUNDED CONFERENCE IN OCTOBER ON THE TINKABI

TRACTOR. END FYI.

- 3. CURRENTLY TINKABI IS OPERATING FAR UNDER CAPACITY AND HAS SURPLUS TRAINED EMPLOYEES AND PRODUCTION CAPABILITY. I.H. PLANS TO HAVE EQUIPMENT MANFUFACTURED IN RSA RECEIVE ENOUGH PARTS AND MAN-HOURS IN SWAZILAND TO LEGALLY QUALIFY FOR "MADE IN SWAZILACD" DESIGNAT ON.
- 4. I.H., WHICH IN PAST HAS INVESTIGATED POSSIBILITY OF MANUFACTURING OR DISTRIBUTING TINKABI, IS CURRENTLY INTERESTED ONLY IN USE OF TINKABI FACILITIES IN SWAZILAND AND HAS NO PLANS TO MANUFACTURE, MARKET OR INVEST IN TINKABI PROJECT. IF KENYA/SAUDI ARABIA NEGOTIATIONS ARE SUCCESSFUL, SWAZILAND WILL MANUFACTURE DOLS 285,000 WORTH IN FIRST YEAR.

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